

Message Text

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USDA/OICD:MKRIESBERG
USDA:QWEST
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TO AMEMBASSY KUALA LUMPUR IMMEDIATE
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ROME FOR FODAG, KUALA LUMPUR PASS USDEL BAKER

E.O. 11652: N/A

TAGS: FAO, OCON

SUBJECT: U.S. AGRICULTURAL DEVELOPMENT POLICY IN EAST ASIA
AND PACIFIC REGION

REFS: (A) KUALA LUMPUR 7780, (B) KUALA LUMPUR 7792

1. THE FOLLOWING DESCRIBES U.S. POLICY ON AND ASSISTANCE
TO AGRICULTURAL AND RURAL DEVELOPMENT IN THE EAST ASIA AND
PACIFIC REGION (ESPECIALLY AS IT COULD SURFACE IN FORTH-
COMING U.S.-ASEAN MEETING) AS REQUESTED PARA 1 REFTTEL A
AND PARAS 6.1.2 AND 6.1.4 REFTTEL B. PARAS 2 - 9 BELOW
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ARE EXTRACTED FROM AID'S FY 1979 CONGRESSIONAL PRESENTA-
TION.

2. AID'S GOALS: AID'S MAJOR ASSISTANCE GOALS IN ASIA ARE
TO: (1) HELP CLOSE THE PROJECTED FOOD AND NUTRITION
GAP BY INCREASING THE AVERAGE ANNUAL GROWTH IN FOODGRAIN
PRODUCTION TO 4.2 PERCENT BY 1990 IN THE LOW INCOME,

FOODGRAIN DEFICIT COUNTRIES AND TO 3 PERCENT TO 5 PERCENT IN THE FOOD EXPORTING COUNTRIES; AND (2) HELP ACHIEVE REPLACEMENT LEVEL FERTILITY IN THE REGION BY THE YEAR 2000, I.E., REACHING THE POINT AT WHICH COUPLES PRODUCE AN AVERAGE OF TWO CHILDREN WHO SURVIVE TO ADULTHOOD.

3. AID'S OVERALL STRATEGY: WE SEEK TO HELP THE GOVERNMENTS OF THE EIGHT MAJOR PROGRAM COUNTRIES AND, ON A REGIONAL BASIS, THE NEWLY INDEPENDENT STATES IN THE SOUTH PACIFIC TO ACHIEVE ECONOMIC GROWTH WITH EQUITY.

4. OUR STRATEGY EMPHASIS WILL BE TO ENCOURAGE POLICIES AND AID PROGRAMS WHICH (1) IMPROVE THE SMALL FARMER'S EFFICIENCY OF FOOD PRODUCTION; (2) PROMOTE INTEGRATED RURAL DEVELOPMENT THROUGH NUTRITION, HEALTH AND EDUCATION OUTREACH ACTIVITIES; (3) STRENGTHEN LOCAL LEVEL PARTICIPATORY INSTITUTIONS; AND (4) EXPAND INCOME GENERATING OPPORTUNITIES IN RURAL AREAS.

5. FY 1979 PROGRAM: THE PROPOSED FY 1979 PROGRAM INCLUDES \$449 MILLION FOR DEVELOPMENT LOANS AND GRANTS, \$412 MILLION FOR PL 480 TITLE I AND \$176 MILLION IN PL 480 TITLE II.

6. OUR PROPOSED PROGRAM WILL ADDRESS THE REGIONAL INCREASED FOOD PRODUCTION GOAL PRINCIPALLY BY (1) PRO-

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VIDING THE SMALL FARMER WITH THE MEANS (FERTILIZER, SEEDS, CREDIT AND RURAL INFRASTRUCTURE) TO INCREASE FOOD PRODUCTION AND IMPROVE MARKETING AND DISTRIBUTION; AND (2) USING PL 480 TO ENCOURAGE FOOD PRICING AND OTHER POLICY REFORMS IN THE AGRICULTURAL SECTOR. THE ADDITIONAL INCENTIVE PROVIDED BY THE NEW TITLE III OF PL 480 MAY BE PARTICULARLY APPROPRIATE TO PROGRAMS IN BANGLADESH AND INDONESIA. TO THE EXTENT POSSIBLE, WE WILL DRAW UPON U.S. UNIVERSITIES AND USDA USING THE AUTHORITY PROVIDED UNDER TITLE XII OF THE FAA IN CARRYING OUT THE PROGRAM. A TITLE XII RELATIONSHIP HAS BEEN INITIATED IN THE PHILIPPINES. NEW TITLE XII ACTIVITIES ARE BEING DEVELOPED FOR INDONESIA AND SOME OF THE SOUTH PACIFIC STATES.

7. ADDITIONAL EFFORTS TO ADVANCE RURAL DEVELOPMENT WILL CENTER ON (1) GENERATING LABOR INTENSIVE EMPLOYMENT OPPORTUNITIES FOR THE RURAL LANDLESS, UNEMPLOYED AND UNDEREMPLOYED; (2) FINDING NEW MEANS TO ACCELERATE MANPOWER SKILLS TRAINING OF PARTICULAR RELEVANCE TO THE RURAL POOR; (3) LAUNCHING A CONCERTED REGIONAL ATTACK ON MALARIA; AND (4) IDENTIFYING AND STRENGTHENING INSTITUTIONS TO SERVE AS THE FOCAL POINTS FOR INCREASED

LOCAL PARTICIPATION IN DEVELOPMENT DECISIONS AND IMPLEMENTATION.

8. WE WILL ALSO UNDERTAKE EXPERIMENTAL PROGRAMS TO CONTROL THE EXPLOITATION OF THE FORESTS, REDUCE OTHER FORMS OF ENVIRONMENTAL DEGRADATION AND SLOW THE DEPLETION OF TRADITIONAL ENERGY SOURCES.

9. WE VIEW ASEAN (ASSOCIATION OF SOUTHEAST ASIAN NATIONS) AS AN INCREASINGLY IMPORTANT REGIONAL ORGANIZATION WITH MAJOR POTENTIAL FOR ACCELERATING ECONOMIC AND SOCIAL DEVELOPMENT, AS WELL AS PROMOTING POLITICAL STABILITY, IN SOUTHEAST ASIA. ASSISTANCE FOR REGIONAL PROJECTS CHanneled THROUGH ASEAN WILL DEMONSTRATE OUR UNCLASSIFIED

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SUPPORT FOR THIS PROMISING ORGANIZATION.

10. DEVELOPMENT BANKS: IN REGARD TO COOPERATING WITH IBRD AND ADB IN DEVELOPMENT PROGRAMS, THE U.S. HAS TRADITIONALLY LOOKED TO THESE DONORS FOR ASSISTANCE IN THE AREA OF LARGE CAPITAL PROJECTS THAT DEVELOP NATIONAL INFRASTRUCTURES. THIS TYPE OF ASSISTANCE ASSURES THAT BASIC FACILITIES ARE IN PLACE SO GROWTH IN AGRICULTURAL PRODUCTION AND OPPORTUNITIES FOR RURAL EMPLOYMENT CAN BE MADE AVAILABLE TO LOW-INCOME FAMILIES. THE U.S. BACKS THE BANKS' SUPPORT OF RURAL DEVELOPMENT, SMALL-FARMER PROJECTS.

11. MONDALE VISIT: THE U.S. COMMITMENT TO THE REGION (AND ASEAN) HAS BEEN UNDERSCORED BY VICE PRESIDENT MONDALE'S APRIL 29 - MAY 10 VISIT TO FIVE ASIAN AND PACIFIC COUNTRIES AND BY THE PUBLIC REMARKS OF A NUMBER OF HIGH ADMINISTRATION OFFICIALS, NOTABLY ASSISTANT SECRETARY HOLBROOKE. IN SUMMARIZING THE RESULTS OF HIS TRIP TO HONOLULU'S EAST-WEST CENTER ON MAY 10, THE VICE PRESIDENT NOTED THAT HE HAD PLEDGED THE U.S. COMMITMENT TO INCREASING REGIONAL AGRICULTURAL PRODUCTIVITY BY:

-- EXPANDING LONG-TERM PL 480 AND OTHER FORMS OF AID TO FOOD-DEFICIT COUNTRIES THAT TAKE PRACTICAL STEPS TO INCREASE AGRICULTURAL PRODUCTIVITY;

-- OFFERING THE USE OF LANDSAT SATELLITES TO HELP ASSESS REGIONAL ECOLOGICAL PROBLEMS;

-- FOCUSING BILATERAL AID IN SOUTHEAST ASIA ON RURAL DEVELOPMENT; AND

-- IMPROVING INTERNATIONAL FOOD SECURITY BY HELPING TO CREATE AN INTERNATIONAL SYSTEM OF NATIONALLY HELD FOOD UNCLASSIFIED

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RESERVES TO MEET INTERNATIONAL SHORTAGES.

12. U.S.-ASEAN MEETING: THE ABOVE U.S. POLICIES AND ACTIONS FORM THE BACKDROP FOR DISCUSSIONS ON THIS SUBJECT AT THE AUGUST 3 - 4 U.S.-ASEAN MEETING. U.S. FOOD POLICY WILL BE ADDRESSED SPECIFICALLY AT THE MEETING BY SECRETARY BERGLAND. HE WILL REFER TO THE POTENTIAL CONTRIBUTION TO UORLD FOOD SECURITY OF THE ASEAN RICE RESERVE PROPOSAL AND THE INTERNATIONAL WHEAT AGREEMENT, AND WILL ALSO DISCUSS THE USE OF PL 480, INCLUDING TITLE III, FOR DEVELOPMENT PURPOSES. DEVELOPMENT CO-OPERATION IN AGRICULTURE WILL BE RAISED BY GOVERNOR GILLIGAN IN HIS PRESENTATION ON U.S. ASSISTANCE TO THE REGION.

13. U.S. PACIFIC TERRITORIES: (PARA 6.4.3 REFTTEL B.)
USDEL SHOULD AVOID DISCUSSION OF THIS MATTER. BEGIN FYI: GUAM, AMERICAN SAMOA, AND THE U.S.-ADMINISTERED TRUST TERRITORY OF THE PACIFIC (INCLUDING THE NORTHERN MARIANAS) EACH HAVE A DIFFERENT POLITICAL RELATIONSHIP WITH U.S. AND DIFFERENT DEVELOPMENTAL PROBLEMS AND APPROACHES. GENERALIZATIONS RE THEIR AGRICULTURAL DEVELOPMENT ARE DIFFICULT TO FORMULATE. HOWEVER, IF ONE WERE MADE IT WOULD CONCLUDE THAT PROGRESS IN RECENT YEARS HAS BEEN POOR AT BEST. END FYI.

14. INCREASING RICE PRODUCTION: (PARA 6.4.1 REFTTEL B.)

A. DEVELOPMENT OF GROUND WATER RESOURCES FOR PUMP IRRIGATION IS ONE OF THE FIRST PREREQUISITES TO INCREASE RICE PRODUCTION. WITH THE PUMPING OF WATER, A SECOND VITAL ELEMENT BECOMES URGENT AND THAT IS THE KNOWLEDGE OF MANAGING WATER AS IT IS APPLIED TO THE FARM LAND. THE MANAGEMENT OF SURFACE WATER IS EQUALLY IMPORTANT WHEN FARMERS ARE GROWING IMPROVED HIGH YIELDING VARIETIES.

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B. THE FLOW OF IMPROVED TECHNOLOGICAL INFORMATION BETWEEN RESEARCH SCIENTISTS AND FARMERS AND VICE VERSA IS A WEAK LINK IN THE PRODUCTION CHAIN. EFFORTS ARE NEEDED TO PERFECT A MORE RAPID MEANS OF TRANSFERRING IMPROVED TECHNOLOGY TO THE FARMERS AS WELL AS COMMUNICATING TO RESEARCH SCIENTISTS THE PRODUCTION PROBLEMS FACED AT THE

FARM LEVEL. THE FLOW OF INFORMATION REGARDING IMPROVED TECHNOLOGY IS EXTREMELY IMPORTANT BETWEEN THE SMALL AND LANDLESS FARMER (3 ACRES AND LESS) AND THE RESEARCH SCIENTIST.

C. THE VARIOUS SERVICES WHICH SUPPORT AGRICULTURAL PRODUCTION (MARKETING, STORAGE, RURAL INDUSTRY, AND CREDIT) ARE IMPORTANT IF LDC'S WISH TO ENCOURAGE FARMERS TO GROW A SECOND OR THIRD CROP OF RICE. THE PRIVATE SECTOR CAN PLAY AN IMPORTANT ROLE IN ASSISTING WITH DEVELOPMENT OF MARKETING, STORAGE, AND CREDIT SYSTEMS, AS WELL AS PROVIDING OPPORTUNITIES FOR INDUSTRIAL EMPLOYMENT IN THE RURAL AREAS. VANCE

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